

## Message Text

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PAGE 01     SANTO 04412 101645Z

47

ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 OMB-01 /046 W

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P 101536Z SEP 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 8210

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DEPARTMENT PASS EXIMBANK/EDWARD J. O'CONNOR

E.O. 11652: N/A

TAGS: EFIN, ENRG, DR

SUBJECT: CDE ASKS GENERAL ELECTRIC FOR FOUR LARGE ELECTRIC  
GENERATORS

REF: A) GOSNELL/BOWEN TELCON 9/9/76, B) SANTO DOMINGO 4381

1. UPON BEING INFORMED THAT PRESIDENT BALAGUER HAD INSTRUCTED  
CDE ADMINISTRATOR JULIO SAURI TO INQUIRE IMMEDIATELY ABOUT  
PURCHASING FOUR 116 MEGAWATT (MW) GENERATORS FROM GE, THE LATTER'S  
LOCAL REPRESENTATIVE, HERB HUNT, ASKED SAURI TO PUT HIS REQUEST  
IN WRITING. TODAY THE EMBASSY RECEIVED A COPY OF SAURI'S  
LETTER IN SPANISH DATED SEPTEMBER 8 TO RICHARD MCLAUGHLIN OF  
THE INTERNATIONAL SALES DIVISION OF GE IN NEW YORK.

2. THE LETTER IN TRANSLATION READS AS FOLLOWS:

BEGIN TEXT

IN KEEPING WITH THE EXPANSION PROGRAM WHICH THE DOMINICAN  
ELECTRIC CORPORATION HAS PROJECTED FOR THE NEXT FOUR OR FIVE  
YEARS, THIS COMPANY MUST INSTALL FOUR THERMAL UNITS WITH A  
CAPACITY OF APPROXIMATELY 116 MEGAWATTS.

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PAGE 02     SANTO 04412 101645Z

AFTER HAVING EVALUATED THE BIDS SUBMITTED BY GENERAL ELECTRIC WITH AN OPTION FOR A SECOND UNIT, OF THE CAPACITY INDICATED, TO BE INSTALLED AT THE CONFLUENCE OF THE ISABELA AND OZAMA RIVERS IN SANTO DOMINGO, THE HIGH COST OF UNIT NO. 1 SURPRISES US AND MAKES US WONDER IF THERE DOES NOT EXIST THE POSSIBILITY OF FORMING A PACKAGE OF FOUR UNITS TO BE FURNISHED BY GENERAL ELECTRIC, WITH A VIEW IN MIND OF REDUCING AS MUCH AS POSSIBLE THE COST PER KILOWATT OF THE INSTALLATIONS INCLUDED IN THE PROGRAM.

FOR THIS REASON, IF IT IS POSSIBLE, WE WOULD LIKE FOR YOUR COMPANY TO SUBMIT AN OFFER FOR FOUR EQUAL UNITS AS INDICATED, TURN-KEY JOB, IN RETURN FOR WHICH THE UNDERSIGNED PROMISES TO CARRY OUT UNDERTAKINGS WITH THE SUPERIOR GOVERNMENT (GODR) AND INTERNATIONAL FINANCIAL INSTITUTIONS FOR THE PURCHASE OF THE FOUR TOGETHER, PROVIDED THAT THE COST OF THESE UNITS DOES NOT EXCEED US \$36 MILLION EACH. END TEXT

3. LAST MAY GE WAS THE ONLY US FIRM BIDDING UNDER EXIMBANK FINANCING FOR THE UNITS AT THE ISABELA SITE. GE BID \$47 MILLION FOR THE FIRST GENERATOR (FOR WHICH EXIMBANK FINANCING HAS ALREADY BEEN ARRANGED) AND \$35 MILLION FOR THE SECOND. THE LATTER WOULD COST CONSIDERABLY LESS BECAUSE MOST OF THE COST OF PREPARING THE SITE, INCLUDING A LEVELING OF A HILL, CONSTRUCTION OF A WHARF, AND DIGGING OF A CANAL, WOULD BE INCLUDED IN THE PRICE OF THE FIRST GENERATOR.

4. AFTER THE GE BID WAS SUBMITTED, THE SPANIARDS BID ON THE SAME (WITH GE'S PRICES UNDOUBTEDLY KNOWN BY THEM), PROPOSING TO INSTALL GENERATORS BUILT UNDER LICENSE FROM BROWN BOVARI, THE SWISS FIRM. CDE HIRED MONTREAL ASSOCIATES TO EVALUATE THE TWO BIDS. WHEN THAT EVALUATION WAS IN (ABOUT WHICH NOTHING IS KNOWN) AND GE HAD ITS NEW 80-MEGAWATT UNIT AT HAINA OPERATING AT FULL CAPACITY LAST WEEK, SAURI SOUGHT THE INTERVIEW WITH PRESIDENT BALAGUER REPORTED REFTEL.

5. WHEN THE INSTALLATION OF HAINA 4, ANOTHER 80-MEGAWATT GENERATOR, IS COMPLETED BY GE IN OCTOBER OR NOVEMBER, THE GE TECHNICIANS AND EQUIPMENT INVOLVED AT THE HAINA SITE COULD MOVE DIRECTLY TO THE ISABELA SITE FOR THE 116MEGAWATT LIMITED OFFICIAL USE

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PAGE 03    SANTO 04412 101645Z

GENERATORS IF THE CONTRACT FOR THAT JOB IS RESOLVED IN TIME.

6. EMBASSY UNDERSTANDS THAT HUNT AND GE'S REGIONAL REPRESENTATIVE IN PUERTO RICO, FRED D'ARIENZO, ARE NOW IN NEW YORK MEETING WITH MCLAUGHLIN AND OTHERS. IN THE MEANTIME, EMBASSY IS ADVISING SAURI THAT BUYER MUST MAKE THE APPLICATION FOR EXIMBANK FINANCING.  
HURWITCH

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## Message Attributes

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